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Diana T Fritz 05/24/2007 04:18:12 PM From DB/Inbox: Search Results

Cable  
Text:

SECRET

SIPDIS  
TELEGRAM

May 11, 2003

To: No Action Addressee  
Action: Unknown  
From: AMEMBASSY ABU DHABI (ABU DHABI 2296 - UNKNOWN)  
TAGS: EAID, PREL, PGOV, PHUM  
Captions: None  
Subject: (S//NF) C-NE3-00449: UAE POISED FOR IRAQ RECONSTRUCTION OPPORTUNITIES  
Ref: None

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S E C R E T ABU DHABI 02296

SIPDIS  
CXABU:  
ACTION: POL  
INFO: RSO AMB DCM P/M ECON

DISSEMINATION: POL  
CHARGE: PROG

APPROVED: CDA: RALBRIGHT  
DRAFTED: ECON:CCRUMPLER  
CLEARED: ADCM:TWILLIAMS CGD: ROLSON

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OO RUEHC RUCNRAQ RUEHDE  
DE RUEHAD #2296/01 1311316  
ZNY SSSSS ZZH  
O 111316Z MAY 03  
FM AMEMBASSY ABU DHABI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9899  
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY  
RUEHDE/AMCONSUL DUBAI PRIORITY 3109

S E C R E T SECTION 01 OF 02 ABU DHABI 002296

SIPDIS

STATE FOR IRAQ TASK FORCE, ALSO NEA/ARP, NEA/RA,  
PRM/ANE, AND IO/UNP  
KUWAIT FOR HOC, ORHA

NOFORN

E.O. 12958: DECL 05/11/13  
TAGS: [EAID](#) [PREL](#) [PGOV](#) [PHUM](#) [IZ](#) [TC](#)  
SUBJECT: (S//NF) C-NE3-00449: UAE POISED FOR IRAQ RECONSTRUCTION OPPORTUNITIES

REFS: A) DUBAI 1522  
B) DUBAI 1163  
C) ABU DHABI 2233  
D) STATE 103226

[¶1.](#) (U) Classified by Charge D'Affaires Richard A. Albright, for reasons 1.5 (b) and (d).

[¶2.](#) (S//NF) The following answers are keyed to questions in ref D regarding Gulf countries' views and intentions on Iraqi reconstruction posed by Washington

analysts:

1A. Not applicable, although we would note that the UAE Red Crescent Authority has undertaken robust humanitarian operations within Iraq, as has the Shaykh Mohammed Bin Rashid Al-Maktoum Charity and Humanitarian Foundation (whose patron is the UAE Defense Minister and Dubai Crown Prince) in Dubai. These two quasi-governmental charities currently are serving as the umbrella organizations for the rest of the UAE's NGO's relief efforts in Iraq, and have largely coordinated their activities in Iraq with the Mission.

1B. Recent UAEG policy has helped position local companies for long-term opportunities in the rebuilding of Iraq. The UAEG sees its role in the informal consultative group in Iraq reconstruction as a way to brandish its credentials, and prove it's a major player. The UAEG signed an agreement in March with the United Nations World Food Program (WFP) formalizing WFP's regional office in Dubai, which is likely to benefit UAE logistics and transportation companies. The UAEG ratified a largely symbolic free trade agreement with Iraq in May 2002, and Dubai in particular has had close links with the Iraqi merchant class post-1990 because of the ferry service between Umm Qasr and Dubai. While the UAEG has not outlined any specific quid pro quo, it clearly hopes its cooperation and support for Operation Iraqi Freedom will return dividends as Iraq reconstruction contracts are let.

1C. UAE businesses -- although confused by the initial award by USAID of eight Iraq reconstruction contracts -- are aware that these contracts are the tip of the iceberg. Local businessmen are encouraged by the recent subcontract awarded by Stevedoring Services to Dubai Ports Authority for the operation of Umm Qasr Port. We expect UAE oilfield, telecom, infrastructure, and financial services companies to build upon their reputation for providing first-class service, and compete for a number of USAID subcontracts and long-term Iraq reconstruction contracts.

1D. UAE efforts to coordinate regional action on Iraq have been limited to humanitarian and multilateral financial institution activities. The UAE Red Crescent Authority hosted on 4/6 in Abu Dhabi a forum of international aid organizations to discuss the humanitarian situation in Iraq. This was the first major meeting of the International Federation of Red Cross and Red Crescent Societies, the International Committee of the Red Cross, and the national societies of the UAE, Jordan, Turkey, Iran, Syria, Saudi Arabia, Kuwait, Bahrain, and Qatar since the war in Iraq began. The Abu Dhabi-based Arab Monetary Fund likewise hosted a 4/22 meeting of Arab financial institutions to discuss multilateral assistance to Iraq.

1E. We do not know Iraq's official debt to the UAE, but the UAE Central Bank Governor told Econchief 5/11 that the amount is negligible. However, a London-based think tank recently estimated Iraq's official debt to the UAE, Oman, Qatar, and Bahrain at less than USD \$17 billion -- an amount that is far from negligible. Post has received indications, however, that the UAEG would follow the IMF's lead on Iraq's multilateral debt -- i.e. rescheduling, but probably little or no forgiveness. UAE officials have not discussed their intentions with us regarding the reconstruction of the Iraqi military and security services, but MFA Minstate Hamdan told the Ambassador 5/7 that the UAEG favors lifting the sanctions on Iraq as soon as possible to fund the reconstitution of vital Iraqi governmental organizations (ref C).

¶F. UAE is unconcerned.

¶G. As referenced in paragraph C above, certain UAE industries are likely to reach out to an Interim Iraqi Authority before others. UAEG officials undertook in a 4/29 conference call of the informal group of countries on Iraq reconstruction to provide oil experts for Iraqi oilfield assessment, and to train Iraqi Central Bank officials.

Two passenger ferry companies that operated out of Dubai under UN sanctions are eager to resume service to Iraq. As the UN deliberates the future of Iraq sanctions, however, the status of ferry operations from Dubai remains unclear. (Note: One of those companies, NAIF Marine Services, made a one-time "humanitarian" voyage to the port of Umm Qasr since hostilities ceased, and carried more than 300 pilgrims and cargo. End note.)

Dubai's Civil Aviation Operations Manager told Dubai PolEconoff on 4/30 that Dubai-based Emirates Airlines is eager to begin service to Baghdad, and will seek to renew with an Interim Iraqi Authority a February 1990 agreement authorizing the airline to operate six flights per week to Baghdad.

In the absence of Iraqi banking sector reform and an independent Central Bank of Iraq, it is unlikely that UAE financial institutions will seek to forge relationships with Iraqi banks in the near future. Financial service providers in the UAE historically have viewed Iraqi banks as not credible; the UAE Central Bank closely scrutinizes the activities of Rafidain Bank in the UAE and has limited its retail banking operations.

¶3. (U) This cable has been coordinated with AmConsul Dubai.

Albright